

I_136_2721-2

136th General Assembly
Regular Session
2025-2026

Sub. H. B. No. 698

To amend sections 113.70, 113.73, and 3345.454; to
enact sections 107.037, 3345.0220, 3345.0221,
and 3345.0222; and to repeal section 3345.456 of
the Revised Code to enact the S.B. 1 Compliance
Supplemental Appropriation Act regarding the
operation of state institutions of higher
education.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF OHIO:

Section 1. That sections 113.70, 113.73, and 3345.454 be
amended and sections 107.037, 3345.0220, 3345.0221, and
3345.0222 of the Revised Code be enacted to read as follows:

Sec. 107.037. As used in this section, "state institution
of higher education" has the same meaning as in section 3345.011
of the Revised Code.

The governor shall ensure that among the various budget
recommendations made by the governor and the director of budget
and management to the general assembly each biennium there are
recommendations to set aside a portion of the state share of
instruction funds for state institutions of higher education for
the purposes of sections 3345.0220 and 3345.0222 of the Revised



lmxsdwzxsr64a2ebphlzxp

Code. The state share of instruction funds in that set aside 20
shall be calculated and distributed in the same manner as any 21
other state share of instructions funds, except that their 22
release to each state institution is subject to those sections. 23

Sec. 113.70. As used in sections 113.70 to 113.77 of the 24
Revised Code: 25

(A) "Expenditure" means a payment, distribution, loan, 26
advance, reimbursement, deposit, or gift of money from a state 27
entity to any supplier. 28

(B) "Political subdivision" means a county, city, village, 29
public library, township, park district, school district, 30
regional water and sewer district, or regional transit 31
authority. 32

(C) "Public library" means a library that is created, 33
maintained, and regulated under Chapter 3375. of the Revised 34
Code. 35

(D) "School district" means a city, local, exempted 36
village, or joint vocational school district; a science, 37
technology, engineering, and mathematics school established 38
under Chapter 3326. of the Revised Code; or an educational 39
service center. "School district" does not mean a community 40
school established under Chapter 3314. of the Revised Code. 41

(E) "State entity" means the general assembly, the supreme 42
court, the court of claims, the office of an elected state 43
officer, or a department, bureau, board, office, commission, 44
agency, institution, instrumentality, or other governmental 45
entity of this state established by the constitution or laws of 46
this state for the exercise of any function of state government, 47
but excludes a political subdivision, an institution of higher 48

education, a state retirement system, and the city of Cincinnati 49
retirement system. "State entity" does not include the nonprofit 50
corporation formed under section 187.01 of the Revised Code. 51

(F) "State institution of higher education" has the same 52
meaning as in section 3345.011 of the Revised Code. 53

(G) "State retirement system" means the public employees 54
retirement system, the Ohio police and fire pension fund, the 55
state teachers retirement system, the school employees 56
retirement system, and the state highway patrol retirement 57
system. 58

~~(G)~~ (H) "Supplier" means any person, partnership, 59
corporation, association, organization, state entity, or other 60
party, including any executive officer, legislative officer, 61
judicial officer, or member or employee of a state entity, that 62
does either of the following: 63

(1) Sells, leases, or otherwise provides equipment, 64
materials, goods, supplies, or services to a state entity 65
pursuant to a contract between the supplier and a state entity; 66

(2) Receives reimbursement from a state entity for any 67
expense. 68

Sec. 113.73. (A) The Ohio state and local government 69
expenditure database shall include the following features: 70

(1) A searchable database of all expenditures; 71

(2) The ability to filter expenditures by the following 72
categories: 73

(a) The category of expense; 74

(b) The Ohio administrative knowledge system accounting 75

code for a specific good or service.	76
(3) The ability to search and filter by any of the factors listed in section 113.72 of the Revised Code;	77 78
(4) The ability to aggregate data contained in the database;	79 80
(5) The ability to determine the total amount of expenditures awarded to a supplier by a state entity;	81 82
(6) The ability to download information obtained through the database;	83 84
(7) A searchable database of state and , <u>school district, and state institution of higher education</u> employee salary and employment information.	85 86 87
(B) The information required under division (A) (7) of this section shall be provided by the department of administrative services or , <u>the department of education and workforce, or a state institution of higher education, as applicable.</u>	88 89 90 91
<u>Sec. 3345.0220.</u> (A) As used in this section:	92
(1) <u>"Four-year institution" means any state university, as defined in section 3345.011 of the Revised Code.</u>	93 94
(2) <u>"State institution of higher education" has the same meaning as in section 3345.011 of the Revised Code.</u>	95 96
(3) <u>"Two-year institution" means any community college established under Chapter 3354. of the Revised Code, state community college established under Chapter 3358. of the Revised Code, or technical college established under Chapter 3357. of the Revised Code.</u>	97 98 99 100 101
(B) <u>Each state institution of higher education shall</u>	102

annually certify compliance with sections 3333.045, 3345.029, 103
3345.0216, 3345.0217, 3345.382, 3345.451, 3345.453, and 3345.591 104
of the Revised Code. Each state institution shall certify its 105
compliance to the chancellor of higher education for fiscal year 106
2028 and each fiscal year thereafter, by the first day of July 107
of that fiscal year. 108

(C) For fiscal year 2028 and each fiscal year thereafter, 109
the chancellor shall withhold a state institution's portion of 110
any state share of instruction funds in the set aside for that 111
fiscal year for the purposes of this section if that institution 112
fails to file a certification in that fiscal year as required 113
under this section. 114

(D) The chancellor may audit institutional records, 115
require documentation, and conduct reviews to verify a state 116
institution's certification. 117

(E) (1) A recklessly false or fraudulent certification 118
constitutes noncompliance with this section. For fiscal year 119
2028 and each fiscal year thereafter, a recklessly false or 120
fraudulent certification constitutes grounds for the chancellor 121
to withhold the entirety of a state institution's portion of any 122
state institution's state share of instruction funds in the set 123
aside for that fiscal year for the purposes of this section. 124

(2) A recklessly false or fraudulent certification may 125
subject the state institution or responsible officers to civil 126
penalties. 127

(F) The chancellor shall not release any state share of 128
instruction funds withheld from a state institution of higher 129
education under this section for a fiscal year to that state 130
institution regardless of subsequent compliance with this 131

section. The chancellor shall redistribute any funds withheld 132
under this section in a fiscal year from a four-year institution 133
to compliant four-year institutions and any funds withheld from 134
a two-year institution to compliant two-year institutions, in 135
the same proportions as the funds were originally allocated. 136

Sec. 3345.0221. (A) As used in this section: 137

(1) "State institution of higher education" has the same 138
meaning as in section 3345.011 of the Revised Code. 139

(2) "Substantially different duties" means material 140
changes in primary responsibilities or supervisory authority. 141
"Substantially different duties" does not include temporary 142
assignments, title changes, or minor duty adjustments. 143

(B) No state institution of higher education shall 144
reassign, reclassify, or otherwise disguise any position to 145
continue diversity, equity, and inclusion functions prohibited 146
by section 3345.0217 of the Revised Code. 147

(C) Each state institution shall prepare an inventory of 148
all employees who, on January 1, 2025, performed diversity, 149
equity, and inclusion functions and who were reassigned on or 150
before September 25, 2025. The inventory shall include: 151

(1) Employee name, title, and unit; 152

(2) Prior duties related to diversity, equity, and 153
inclusion; 154

(3) Reassignment details; 155

(4) Salary changes; 156

(5) New duties; 157

(6) Attestation of accuracy by the chief human resources 158

<u>officer and general counsel.</u>	159
<u>(D) (1) For each employee described in division (C) of this</u>	160
<u>section, a state institution shall prepare a justification</u>	161
<u>report containing:</u>	162
<u>(a) A narrative explanation of the employee's</u>	163
<u>reassignment;</u>	164
<u>(b) Proof that the employee's reassignment consists of</u>	165
<u>substantially different duties from diversity, equity, and</u>	166
<u>inclusion functions;</u>	167
<u>(c) Side-by-side job comparisons;</u>	168
<u>(d) Attestation of accuracy by the institution's general</u>	169
<u>counsel or an employee designated by the institution's</u>	170
<u>president;</u>	171
<u>(e) Itemized compensation breakdown;</u>	172
<u>(f) Compliance plan for ongoing review;</u>	173
<u>(g) Certification by the president and chair of the board</u>	174
<u>of trustees.</u>	175
<u>(2) The chancellor of higher education shall determine</u>	176
<u>whether the evidence submitted by an institution under division</u>	177
<u>(D) (1) (b) of this section sufficiently establishes that an</u>	178
<u>employee's new duties are substantially different from</u>	179
<u>diversity, equity, and inclusion functions. The chancellor shall</u>	180
<u>make this determination using a preponderance of the evidence</u>	181
<u>standard.</u>	182
<u>(E) Each state institution of higher education shall</u>	183
<u>submit the inventories and reports described in divisions (C)</u>	184
<u>and (D) of this section to the chancellor not later than ninety</u>	185

days after the effective date of this section. Beginning with 186
fiscal year 2028, each state institution shall submit updated 187
inventories and reports regarding employees described in 188
division (C) of this section annually not later than the first 189
day of July. If a state institution determines that it no longer 190
employs any individual described in division (C) of this 191
section, the state institution shall submit a statement to the 192
chancellor attesting to that fact. If the chancellor approves 193
the institution's attestation, that institution is exempt from 194
further reporting under this section. 195

(F) Inventories and reports submitted by state 196
institutions under this section are public records. 197

Sec. 3345.0222. (A) As used in this section: 198

(1) "Four-year institution" means any state university, as 199
defined in section 3345.011 of the Revised Code. 200

(2) "State institution of higher education" has the same 201
meaning as in section 3345.011 of the Revised Code. 202

(3) "Two-year institution" means any community college 203
established under Chapter 3354. of the Revised Code, state 204
community college established under Chapter 3358. of the Revised 205
Code, or technical college established under Chapter 3357. of 206
the Revised Code. 207

(B) The president of a state institution of higher 208
education and the chair of the board of trustees of the 209
institution shall sign each certification, inventory, and report 210
submitted by the institution as required under sections 211
3345.0220 and 3345.0221 of the Revised Code. 212

(C) If the chancellor of higher education determines that 213
a state institution of higher education fails to comply with 214

section 3345.0220, 3345.0221, or 3345.454 of the Revised Code, 215
the chancellor shall notify the institution of that fact in 216
writing. The chancellor shall withhold the institution's portion 217
of any state share of instruction funds in the set aside for 218
that fiscal year for the purposes of this section beginning with 219
the first disbursement that occurs after the chancellor provides 220
notice of the noncompliance determination. 221

(D) At any time following a noncompliance determination 222
for a state institution of higher education and the subsequent 223
withholding of state share of instruction funds, except for a 224
noncompliance determination made under division (E) (1) of 225
section 3345.0220 of the Revised Code, the state institution may 226
request an additional determination from the chancellor to 227
evaluate whether the institution has resolved the noncompliance. 228
If the chancellor determines that the institution has become 229
compliant, the chancellor shall resume disbursing the 230
institution's portion of any state share of instruction funds in 231
the set aside for that fiscal year for the purposes of this 232
section, beginning with the first disbursement that occurs after 233
the new determination is made. 234

(E) The chancellor shall not release any state share of 235
instruction funds withheld from a state institution of higher 236
education under this section to that state institution 237
regardless of subsequent compliance with this section or section 238
3345.0220, 3345.0221, or 3345.454 of the Revised Code. The 239
chancellor shall redistribute any funds withheld under this 240
section in a fiscal year from a four-year institution to 241
compliant four-year institutions and any funds withheld from a 242
two-year institution to compliant two-year institutions, in the 243
same proportions as the funds were originally allocated. 244

~~Sec. 3345.454. This section applies only to state institutions of higher education that have tenured faculty members.~~ 245
246
247

(A) As used in this section: 248

(1) "State institution of higher education" has the same meaning as in section 3345.011 of the Revised Code. 249
250

(2) "Retrenchment" means a process by which a state institution of higher education reduces programs or services, thus resulting in a temporary suspension or permanent separation of one or more institution faculty, to account for a reduction in student population or overall funding, a change to institutional missions or programs, or other fiscal pressures or emergencies facing the institution. 251
252
253
254
255
256
257

(3) "Faculty" means any employee holding a full-time faculty appointment at a state institution of higher education, regardless of tenure status, rank, track, or title. 258
259
260

(4) "Academic unit" means any college, school, department, program, division, or other organizational unit within a state institution of higher education. 261
262
263

(B) In addition to the policies described in sections 3345.45 to 3345.453 of the Revised Code, each state institution of higher education board of trustees shall develop ~~policies on tenure and a retrenchment policy~~ consistent with this section. ~~Each state institution shall submit those policies to the chancellor of higher education. Each state institution's board of trustees shall update those policies every five years. The board of trustees of each state institution of higher education that has tenured faculty shall also develop a policy on tenure.~~ 264
265
266
267
268
269
270
271
272
No provision of this section regarding tenure applies to the 273

<u>board of trustees of a state institution of higher education</u>	274
<u>that does not have tenured faculty.</u>	275
<u>(C) (1) Not later than ninety days after the effective date</u>	276
<u>of this amendment, each state institution of higher education</u>	277
<u>board of trustees shall adopt a retrenchment policy that</u>	278
<u>specifies all of the following:</u>	279
<u>(a) That the authority to initiate retrenchment is held by</u>	280
<u>the board of trustees;</u>	281
<u>(b) That the board of trustees may delegate its authority</u>	282
<u>to initiate retrenchment to the president or provost of the</u>	283
<u>institution;</u>	284
<u>(c) That a dean or comparable academic officer may</u>	285
<u>recommend retrenchment but may not unilaterally initiate it;</u>	286
<u>(d) That the provost, in consultation with the president,</u>	287
<u>shall administer and complete the retrenchment process subject</u>	288
<u>to any parameters imposed by the board of trustees;</u>	289
<u>(e) That retrenchment may be initiated for any lawful</u>	290
<u>academic or operational reason determined by the board of</u>	291
<u>trustees, including enrollment stagnation or decline, program</u>	292
<u>reduction or discontinuation, organizational restructuring,</u>	293
<u>business necessity, institutional strategic realignment,</u>	294
<u>financial emergency, or other lawful reasons;</u>	295
<u>(f) That before finalizing retrenchment decisions, the</u>	296
<u>provost shall consider relevant factors that affect the</u>	297
<u>institution and students, including program interdependence,</u>	298
<u>student completion pathways, feasibility of phased reductions,</u>	299
<u>academic reputation, alternative organizational arrangements,</u>	300
<u>potential redeployment of affected faculty, and attrition or</u>	301
<u>voluntary separation as alternatives to retrenchment;</u>	302

(g) That the provost's consideration of relevant factors 303
under division (C) (1) (f) of this section does not create 304
enforceable rights beyond those expressly provided in the policy 305
and this section; 306

(h) That selection, retention, and non-displacement 307
standards may affect multiple faculty positions; 308

(i) That when fewer than all faculty positions within an 309
academic unit are retrenched, the institution shall retain 310
faculty members the provost determines are best qualified to 311
meet programmatic, curricular, and institutional needs; 312

(j) Except as provided in division (C) (2) of this section, 313
that seniority, tenure, rank, or length of service do not confer 314
a right of retention; 315

(k) That a faculty member whose position is selected for 316
retrenchment may not displace or bump another faculty member; 317

(l) That a faculty member whose position is selected for 318
retrenchment shall receive written notice in a form and at a 319
time determined by the board of trustees and set forth in the 320
policy; 321

(m) That during the notice period specified by the board 322
of trustees in the policy under division (C) (1) (l) of this 323
section, a faculty member shall remain subject to applicable 324
institutional policies and performance expectations unless 325
relieved of duties by the institution; 326

(n) That a faculty member whose position is selected for 327
retrenchment shall receive procedural protections substantially 328
similar to those historically afforded by the institution, to 329
the extent permissible under the law of this state, including 330
written notice identifying the position selected for 331

retrenchment and effective date, an opportunity to meet with a 332
designated administrator to discuss the retrenchment decision as 333
it relates to the faculty member's position, and a limited 334
internal review or appeal process confined to whether the 335
institution materially complied with its policy and this 336
section; 337

(o) That retrenchment is not a disciplinary action and no 338
review may substitute the board of trustee's judgment regarding 339
academic, programmatic, or institutional needs; 340

(p) That the board of trustees may approve a buyout 341
program, voluntary separation incentive, or other negotiated 342
separation arrangements for faculty positions subject to 343
retrenchment when the board determines those arrangements to be 344
cost effective or in the best financial or operational interests 345
of the institution; 346

(q) That participation in programs described in division 347
(C) (1) (p) of this section is voluntary unless otherwise 348
authorized by law; 349

(r) The provost may adopt written procedures to implement 350
retrenchment, including timelines, documentation standards, 351
verification processes, and notice formats; 352

(s) Any procedures adopted by the provost pursuant to 353
division (C) (1) (r) of this section shall be publicly accessible. 354

(2) A policy on retrenchment adopted under division (C) (1) 355
of this section shall specify that a faculty member whose 356
position is selected for retrenchment who, at the time the 357
faculty member receives notice of the selection, has at least 358
thirty but not more than thirty-five years of service credit in 359
a state retirement system shall be exempt from retrenchment 360

until the faculty member attains thirty-five years of service 361
credit. The policy shall require verification of the faculty 362
member's service credit within fifteen days after the faculty 363
member receives notice that the member's position has been 364
selected for retrenchment. Consistent with section 3345.454 of 365
the Revised Code, division (C) (2) of this section prevails over 366
any conflicting provision of a collective bargaining amendment 367
entered into on or after the effective date of this amendment. 368

(D) Each state institution of higher education's board of 369
trustees shall update a policy adopted under this section not 370
less than once every five years. Whenever a state institution of 371
higher education board of trustees adopts or modifies a policy 372
under this section, the board of trustees shall submit it to the 373
chancellor of higher education. 374

(E) The chancellor shall review each retrenchment policy 375
submitted under this section to determine whether the policy 376
complies with the requirements of this section. If the 377
chancellor determines that a submitted retrenchment policy 378
complies with this section, the chancellor shall notify the 379
board of trustees of the determination. If the chancellor 380
determines that a submitted policy does not comply with this 381
section, the chancellor shall notify the board of trustees in 382
writing and identify the specific provisions that fail to 383
comply. The chancellor's review under this division shall be 384
limited to determining compliance with the requirements of this 385
section and shall not include approval, disapproval, or 386
modification of the substantive academic, managerial, or 387
strategic judgments in the policy. 388

(F) A board of trustees that receives a notice of 389
noncompliance under division (E) of this section shall revise 390

and resubmit the policy not more than sixty days after receipt 391
of the notice of noncompliance. 392

(G) If a retrenchment policy has been in place for less 393
than five years and has been determined by the chancellor to be 394
in compliance with this section, the chancellor is prohibited 395
from changing that determination unless the policy is updated or 396
this section is amended. 397

(H) Nothing in this section shall be construed to limit or 398
otherwise impair the authority of a board of trustees of a state 399
institution of higher education to adopt, amend, or enforce 400
additional provisions relating to retrenchment that do not 401
conflict with this section. The authority to determine, 402
implement, and administer retrenchment policies and decisions 403
rests with the board of trustees, including authority delegated 404
by the board to the president or provost. This section 405
establishes minimum statewide requirements and shall not be 406
construed to prohibit a board of trustees from exercising 407
broader or more specific authority with respect to retrenchment. 408

(I) A state institution of higher education shall 409
eliminate any undergraduate degree program it offers if the 410
institution confers an average of fewer than five degrees in 411
that program annually over any three-year period. A state 412
institution shall not consider any academic year prior to the 413
first academic year in which an undergraduate degree is 414
conferred in determining whether this division applies to the 415
program offering that degree. 416

The chancellor may grant a waiver to a state institution 417
for a program to which this division applies. State institutions 418
shall appeal for a waiver in a form and manner determined by the 419
chancellor. If the chancellor grants a waiver to a state 420

institution, the chancellor shall establish terms under which 421
the state institution may conditionally continue the program, 422
including whether the program is eligible to be supported by 423
state share of instruction funds. 424

Section 2. That existing sections 113.70, 113.73, and 425
3345.454 of the Revised Code are hereby repealed. 426

Section 3. That section 3345.456 of the Revised Code is 427
hereby repealed. 428

Section 4. (A) As used in this section, "state institution 429
of higher education" has the same meaning as in section 3345.011 430
of the Revised Code. 431

(B) Notwithstanding any provision of section 3345.0222 of 432
the Revised Code to the contrary, for any noncompliance 433
determination made by the Chancellor of Higher Education under 434
that section prior to January 1, 2029, except for a 435
noncompliance determination made under division (E)(1) of 436
section 3345.0220 of the Revised Code, the Chancellor shall 437
provide a state institution of higher education thirty days 438
after receipt of the Chancellor's determination to resolve 439
noncompliance and request a new compliance determination from 440
the Chancellor. If the Chancellor determines that the state 441
institution has not resolved noncompliance after thirty days, 442
the Chancellor shall withhold the institution's portion of any 443
state share of instruction funds in the set aside for that 444
fiscal year for the purposes of section 3345.0222 of the Revised 445
Code, beginning with the first disbursement that occurs after 446
the thirty-day period, in accordance with that section. 447

(C) Nothing in this section shall be construed to prohibit 448
a state institution of higher education from requesting an 449

additional compliance determination in accordance with division	450
(D) of section 3345.0222 of the Revised Code.	451
Section 5. This act shall be known as the S.B. 1	452
Compliance Supplemental Appropriation Act.	453